

DOCKET NO. 2002-379-C - ORDER NO. 2003-84

IN RE: Application of OneStar Long Distance, Inc. ) ORDER GRANTING  
for a Certificate of Public Convenience and ) MOTION FOR  
Necessity to provide Local Exchange ) EXPEDITED REVIEW  
Telecommunications Services within the State ) AND CERTIFICATE FOR  
of South Carolina and for Flexible Regulation ) LOCAL EXCHANGE  
of its Local Exchange Services. ) AUTHORITY

OneStar Long Distance, Inc. is an Indiana corporation originally organized on December 21, 1992, as Telstar Communications, Inc. The name was changed in February 1996, to OneStar Long Distance, Inc. A copy of the Company's Certificate of Incorporation, Authority to Transact Business in the State of South Carolina, and certificate of existence are included in OneStar's Application.

By letter dated December 12, 2002, the Commission's Executive Director instructed the Applicant to publish a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to provide notice of the Application to any interested parties and to advise interested parties of the manner and time in which to file pleadings to participate in the docket. The Applicant filed Affidavits of Publication as proof that it had complied with the instructions of the Executive Director.

### **MOTION FOR EXPEDITED REVIEW**

OneStar filed a Motion for Expedited Review of its Application. In furtherance of its request for expedited review, OneStar filed verified testimony in support of its Application to permit it to provide local exchange telecommunications services to customers located in the State of South Carolina. After OneStar filed its Motion for Expedited Review with the accompanying verified testimony, the Commission Staff brought the matter to the Commission for consideration.

Upon consideration of OneStar's request for expedited review, the Commission finds that expedited review should be granted. By its request, OneStar waives its right to a formal hearing. The Commission finds that notice of the Application was properly afforded to the public. The Commission finds that procedural due process was afforded in this matter and further finds that the Applicant makes a knowing waiver of a formal hearing. Therefore, the Commission will consider the Application in the context of its regularly scheduled weekly meeting, with court reporter present, and for purposes of the expedited review, the Commission will deem the examination of the Application and

verified testimony during the course of the Commission's regularly scheduled meeting with court reporter present as a hearing on this matter.

#### **EXAMINATION OF THE APPLICATION AND VERIFIED TESTIMONY**

According to the Application, OneStar is requesting authority from the Commission to provide local exchange services. The Company filed the verified testimony of Ami Larrison, who is the Director of Regulatory Affairs for the Company. OneStar is an Indiana corporation and is headquartered in Evansville, Indiana. The Company is authorized as a foreign corporation to do business in the State of South Carolina and already holds a certificate of public convenience and necessity from this Commission to provide interexchange carrier services in the State of South Carolina.

As Director of Regulatory Affairs, Ms. Larrison oversees current regulatory issues for the Company, including rulings by the FCC and various state regulatory agencies. She also supervises and supports regulatory staff and the management team; monitors telecommunications and government events and issues; develops departmental policies and procedures; coordinates department regulatory responses and approves and ensures compliance with rules and regulations and company standards. Ms. Larrison presented testimony regarding the Company's technical, managerial, and financial capability to provide competitive local exchange services in South Carolina.

Regarding the services that the Company will provide, OneStar intends to be a competitive telecommunications provider of local exchange services, and related ancillary and complementary services, through resale of services and facilities provided by certificated carriers, the use of the Company's own facilities, or some combination

thereof. OneStar will utilize the unbundled network element platform, or UNE-P, to provision any loop/port combinations that apply to existing end-user service; for those services not available under UNE-P arrangement, the Company will provide the service via resale.

OneStar intends to provide all forms of local exchange services authorized by the Commission including: (1) Basic Residential Exchange Services (Local Exchange Flat Rate, Measured Rate Services, operator access, operator assisted, etc.); (2) Residential Customer and Class Features (call waiting, caller ID, call forwarding, etc.); (3) Basic Business Exchange Service; (4) Business Customer Calling and Class Features; (5) Adjunct Provided Features (voice messaging, etc); and (6) Business and Residential Ancillary Services (911, directory listing, directory assistance, etc.). Additionally, the Company will, through interconnection with other carriers, offer 911 and enhanced 911 emergency services, dual party relay services, and other miscellaneous services currently provided by incumbent local exchange carriers.

Ms. Larrison testified that she is aware from recent trade and national publications that the Federal Communications Commission (FCC) is considering rules which may limit the availability of UNE-P by restricting the ability of state commissions to require that incumbent local exchange carriers make it available to competitive local exchange carriers. Ms. Larrison believes, however, that several years will pass before any FCC rules in this regard will likely take effect due to the likelihood of court challenges to such rules and the imposition of some phase-in period by the FCC. However, if OneStar is granted certification, it would be the intent of the Company to offer services using a

combination of resale, UNEs and OneStar's facilities regardless of the FCC's actions pertaining to UNE-P.

Ms. Larrison also opined that OneStar has a team of experienced telecommunications and business managers. The testimony reveals that two members of the management team are certified public accountants. Each of the members of the Company's management team also has experience in unregulated business environments as well. Mr. Alan J. Powers is the Company's Chief Executive Officer. Mr. Powers is a Certified Public Accountant who entered the resale telephone business in 1983. At OneStar, Mr. Powers oversees all aspects of OneStar with specific attention to the Legal, Regulatory, Accounting, Human Resources, Mergers and Acquisitions, and Business Development Departments. Mr. Michael W. Hanus is the President of the Company. From 1984 to 1992, Mr. Hanus was employed by TeleMarketing Investments, Ltd., where he held the position of General Manager. He served in many capacities, including sales program development, marketing, management and networking. He was appointed President of Telstar Communications, Inc. in 1993, and continued in that position through Telstar's transition to OneStar Long Distance, Inc. At OneStar, Mr. Hanus directly oversees the Network Operations and Operations Department at the Company. William R. Stapleton is the Chief Operations Officer of OneStar. Mr. Stapleton was employed by AT&T from 1961 to 1995. While there, he worked in several areas including sales, marketing, and senior management. In February 2000, Mr. Stapleton was appointed Executive Vice President of Business Management at OneStar. In March 2001, Mr. Stapleton was appointed Chief Operations Officer at OneStar. Mr. Stapleton's

responsibilities at OneStar include coordinating the Operations and Mergers and Acquisitions Departments and directly overseeing the Marketing and Sales Departments.

Initially, OneStar will only provide local service in the local service areas of BellSouth, Verizon and Sprint. Ms. Larrison testified that although the Company seeks statewide certification, OneStar has entered into a Stipulation with the South Carolina Telephone Coalition that would, if accepted by the Commission, limit the Company's ability to serve in rural areas at this time.

Regarding the Company's financial resources to provide telecommunications services in South Carolina, OneStar has a five year record as a provider of interexchange service in South Carolina. According to the testimony, the financial statement and associated data attached as Exhibit "B" to the Application reflect that OneStar had positive earnings before interest, taxes and depreciation allowance and positive operating cash flow in 2001 and projects that its 2002 year end figures in these categories will reflect increases. The testimony also reveals that OneStar is a privately held company with over \$19 million in investment capital financing, and the Company also enjoys the significant credit backing of an Indiana financial institution. Ms. Larrison also testified that current cash flow is sufficient, however, for the Company to meet its operational and cash working capital requirement and no additional funding is needed at this time.

Regarding the provisioning of telecommunications services in other states, OneStar currently provides local services in nineteen states and has competitive local exchange carrier applications pending in two other states. In addition to the

interexchange service it provides in South Carolina, OneStar is also an interexchange provider in thirty-nine other states.

The Company's customer service department, according to the testimony, will handle all customer complaints courteously and promptly. Ms. Larrison testified that OneStar will fully investigate and attempt to resolve customer complaints in a timely manner in full compliance with all Commission rules and regulations. The Company has a toll-free number that customers can call 24 hours a day, seven days a week. OneStar will use a variety of marketing materials including direct and agent sales persons, bill inserts, and telemarketing.

OneStar also requests that the Commission waive the requirement of maintaining the Company's financial records in accordance with the Uniform System of Accounts, or USOA, and the requirement that such records be physically located in South Carolina. OneStar keeps its records in accordance with Generally Accepted Accounting Principles, or GAAP. Ms. Larrison testified that the FCC does not require USOA for CLECs and GAAP is a proven and reliable accounting method by which OneStar's operations may be evaluated by the Commission. As to the location of the Company's books, the Company believes that it would be a hardship upon OneStar to keep its books and records in South Carolina since the Company's headquarters are in Indiana.

The Company also seeks flexible regulation of its proposed local service in South Carolina. Ms. Larrison testified that given the competitive nature of the local service offering OneStar intends to make in the State of South Carolina, the Company believes that regulatory constraints no greater than those imposed under Commission Order

Number 98-165 in Docket Number 97-476-C are warranted. The testimony reveals that this flexibility will allow OneStar to make a competitive response to the offerings of other, similarly situated CLECs. Ms. Larrison testified that without this flexibility, OneStar will not be in the best position to provide the benefits of competition to the end-using public.

The testimony reveals that South Carolina consumers will benefit in several ways if OneStar's Application is approved. Ms. Larrison testified that OneStar will provide another choice for their local service and the customers will receive their service from a financially sound, innovative, and ethical carrier. Additionally, new options for packaged services will be made available.

Upon review and consideration of the Application, the verified testimony of Ms. Larrison, and the applicable law, the Commission hereby issues its findings of fact and conclusions of law:

#### **FINDINGS OF FACT**

1. OneStar is a corporation organized under the laws of the State of Indiana. OneStar was granted a Certificate of Public Convenience and Necessity to provide intrastate resold telecommunications services within the State of South Carolina in Order Number 95-249, dated February 1, 1995.

2. OneStar has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 2002).



3. The Commission finds that OneStar's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 2002).

4. The Commission finds that OneStar will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 2002).

5. The Commission finds that OneStar will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280(B)(2) (Supp. 2002).

6. The Commission finds that the provision of local exchange service by OneStar "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 2002).

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to OneStar to provide local exchange telecommunications services within the non-rural areas of South Carolina. The terms of the Stipulation between OneStar and the SCTC are approved, and adopted as a part of this Order. Any proposal to provide such service to rural service areas is subject to the terms of the Stipulation.

2. OneStar shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings comporting with South Carolina law in all matters. OneStar's local telecommunications services shall be regulated in

accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C.

Specifically, the Commission adopts for OneStar's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, OneStar's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. OneStar shall resell or utilize the services or facilities of only those companies authorized to provide telecommunications services in South Carolina by this Commission.

4. OneStar shall conduct its business in compliance with Commission decisions and Orders, both past and future, including, but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

5. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of

South Carolina, the Commission hereby instructs OneStar to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, OneStar shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

6. OneStar shall file annual financial information in the form of annual reports and gross receipt reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, OneStar shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). This form is entitled "Annual Report for Competitive Local Exchange Carriers" and consists of four pages. Additionally, OneStar shall file with the Commission a quarterly report entitled "CLEC Service Quality

Quarterly Report.” The proper form for this report is found on the Commission’s website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm).

7. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

OneStar shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form the Company shall use to file this authorized utility representative information can be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). This form is entitled "Authorized Utility Representative Information." Further, the Company shall promptly notify the Commission in writing if the representatives are replaced. OneStar shall also file with the Commission, its Final Tariff and a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 2002).

8. OneStar shall file annually the Intrastate State Universal Service Fund (USF) worksheet due August 15 for calendar and fiscal year ending companies.

9. The Federal Communications Commission (FCC) in July of 2000 required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March of 2001 instructing all South Carolina

telecommunications carriers to implement the service completely by October of 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2001, and to translate 711 dialed calls to 1-800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as 711 to the assigned TRS toll free number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 2, 2001. Additionally, telephone directories were required to be updated and bill inserts promoting 711 were also required. This Company must comply with the applicable mandates. For complete information on compliance with this FCC and Commission requirement, go to the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms).

10. In its Application, OneStar requests that it be exempt from any financial recording rules or regulations that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). OneStar currently maintains its books and records in accordance with Generally Accepted Accounting Principles (GAAP) and the record reveals that GAAP is almost exclusively utilized by competitive local exchange carriers because USOA is not mandated by the Federal Communications Commission. We find that because OneStar currently maintains its financial books and records in accordance with GAAP and as GAAP is a reliable method of maintaining financial records, we grant the Company's request to utilize GAAP.

Additionally, the Company requests a waiver of S.C. Code Ann. Regs. 103-610 which requires telecommunications companies to maintain their books and records in the

State of South Carolina. OneStar seeks to maintain its books and records in Indiana. The Company opines that it would create an undue hardship to require OneStar to maintain its books and records in South Carolina. We agree that an undue hardship would be imposed on the Company if it were required to maintain its books in records in South Carolina. Therefore, we grant the Company's request for a waiver of Regulation 103-610, and we grant the Company's request to maintain its books and records in Indiana.

11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



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Mignon L. Cryburn, Chairman

ATTEST:



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Gary E. Walsh, Executive Director

(SEAL)

Exhibit No. 1  
Docket No. 2002-379-C  
Order No. 2003-84  
February 18, 2003

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2002-379-C

Re: Application of OneStar Long Distance, Inc. )  
for a Certificate of Public Convenience )  
and Necessity to Provide Local Exchange )  
Telecommunications Services in the State of )  
South Carolina )  
\_\_\_\_\_ )

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and OneStar Long Distance, Inc. ("OneStar") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose OneStar's Application. SCTC and OneStar stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to OneStar, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. OneStar stipulates and agrees that any Certificate which may be granted will authorize OneStar to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. OneStar stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. OneStar stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and

until OneStar provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, OneStar acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. OneStar stipulates and agrees that, if OneStar gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then OneStar will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. OneStar acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and OneStar, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.



8. OneStar agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. OneStar hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 30<sup>th</sup> day of December

2002.

OneStar Long Distance, Inc.:

William. Garrison

South Carolina Telephone Coalition:

Margaret M. Fox

M. John Bowen, Jr.  
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Attorneys for the South Carolina Telephone  
Coalition

## ATTACHMENT A

South Carolina Telephone Coalition Member Companies  
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Ft. Mill Telephone Company  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

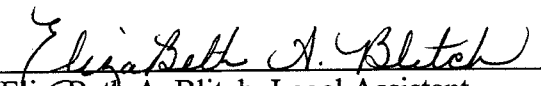
Docket No. 2002-379-C

Re: Application of OneStar Long Distance, Inc.     )  
for a Certificate of Public Convenience     )  
and Necessity to Provide Local Exchange     )  
Telecommunications Services in the State of     )  
South Carolina     )  
\_\_\_\_\_ )

**CERTIFICATE OF  
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

John M. S. Hoefer, Esquire  
Willoughby & Hoefer  
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ElizaBeth A. Blitch, Legal Assistant  
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January 7, 2003

Columbia, South Carolina